

Message Text

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ORIGIN COME-00

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COM/BIC/OED/MEPD/JMSANDS, DIR.

COM/BIC/OIM (INFO)

STATE/AF/W/DREHFUSS

----- 105903

R 150146Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY DAKAR

INFO AMEMBASSY TEHRAN

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: BEXP, SG, IR

SUBJECT: CAYAR PROJECT: PARSONS-JURDEN/JACOBS

--- PROPOSAL

REF: STATE 286713

1. SINCE THE RETURN OF THE MEPD PROJECT OFFICER FROM
FROM DAKAR WE HAVE HAD A NUMBER OF DISCUSSIONS WITH
KINCAID OF PARSONS JURDEN (PJ) TO DETERMINE APPROPRIATE
USG ACTION. KINCAID APPRECIATES USG SUPPORT AND IS
CONTINUING TO FOLLOW-UP ON RECENT POST REPRESENTATIONS
ON PJ/JACOBS BEHALF.

2. AT THIS STAGE PJ/JACOBS ARE CONCERNED ABOUT
IRASENCO'S INABILITY TO MAKE DECISION ON THEIR PROPOSAL.
KINCAID BELIEVES THIS MAY BE RESULT OF BUREAUCRATIC
IN-FIGHTING BETWEEN SENECALESE AND IRANIANS OVER CONTROL
OF THE TWO MAJOR PHASES OF THE CAYAR PROJECT. IT IS
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PJ'S/JACOBS'S UNDERSTANDING THAT SENECALESE ARE

WILLING TO ALLOW IRANIANS TO CONTROL DECISIONS ON
REFINERY BUT THEY ARE UNWILLING TO GIVE UP CONTROL
OVER PHOSPHATE DEVELOPMENT. THIS CONFLICT HAS MADE

IT DIFFICULT FOR PJ/JACOBS TO ASSESS WHO KEY DECISION
MAKERS ARE AS WELL AS THEIR CHANCES OF OBTAINING
CONTRACT.

3. IN AN EFFORT TO CLARIFY THIS SITUATION KINCAID
INTENDS TO MEET AGAIN WITH IRASENCO MANAGEMENT IN
LONDON ON JANUARY 21. THE PRINCIPAL ISSUE KINCAID
SEEKS TO CLARIFY IS IRASENCO'S PLANS FOR STRUCTURING
PHOSPHATE PROJECT RELATIVE TO PJ/JACOBS PROPOSAL.

4. AS EMBASSY AWARE THE PJ/JACOBS PROPOSAL WILL
COVER TECHNICAL SURVEY AND FEASIBILITY STUDY AS WELL
AS FOLLOW-ON ENGINEERING AND CONSTRUCTION MANAGEMENT
FOR THE PHOSPHATE MINE, PHOSPHATE ENRICHMENT FACILITY,
2 KM RAILROAD, ELECTRIC POWER PLANT, TOWN DEVELOPMENT
AND PORT FACILITIES. THIS PROPOSAL IS ADVANTAGEOUS
TO IRASENCO IN THAT PJ/JACOBS ACCEPT SINGLE
RESPONSIBILITY FOR CONSTRUCTION OF THESE UNITS. IF
PROBLEMS ARISE IRASENCO CONTACTS PJ/JACOBS INSTEAD
OF NEGOTIATING WITH FOUR OR FIVE DIFFERENT CONTRACTORS
TO DETERMINE WHERE FAULT LIES.

5. UNFORTUNATELY PJ/JACOBS HAVE RECEIVED LITTLE
FEEDBACK FROM IRASENCO REGARDING WHETHER THEY PREFER
THIS APPROACH. THIS HAS MADE IT DIFFICULT FOR PJ/JACOBS
TO DETERMINE WHETHER TO AMEND THEIR PROPOSAL OR CONTINUE
PURSUING IT AS NOW WRITTEN. (BEGIN FYI: THE PJ/JACOBS
PROPOSAL WOULD NOT NECESSARILY EXCLUDE SPECIALIST SUCH
AS SOROS ENGINEERING FOR CERTAIN PORTIONS OF THE
PROJECT END FYI).

6. ANOTHER AREA ON WHICH KINCAID S IS SEEKING FURTHER
INFORMATION IS THE DEGREE OF FOREIGN COMPETITION.
IT IS OUR UNDERSTANDING THE CANADIANS MAY OFFER A
PACKAGE SIMILAR TO THE PJ/JACOBS PROPOSAL BUT WITH THE
ADVANTAGE OF ATTRACTIVE FINANCING.
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7. IF KINCAID RECEIVES POSITIVE READING IN LONDON
HE INTENDS TO VISIT DAKAR JANUARY 24 THRU JANUARY 28.
HE WILL CONTACT COMMERCIAL OFFICER WILSON FOR BRIEFING
UPON HIS ARRIVAL.

8. ACTION REQUESTED: WE REQUEST EMBASSY RAISE SUBJECT
MATTER OF THIS MESSAGE WITH APPROPRIATE IRASENCO OFFICIALS

IN ORDER TO GIVE GUIDANCE TO WASHINGTON AND PJ/JACOBS AS TO HOW TO PROCEED. OF PARTICULAR INTEREST IS IRASENCO'S ATTITUDE TOWARD PJ/JACOBS PROPOSAL AS NOW STRUCTURED. HAS POST SEEN ANY INDICATION OF THE PURPORTED CONFLICT BETWEEN IRANIANS AND SENEGALESE. WE WOULD ALSO APPRECIATE ANY INFORMATION ON SUBSTANCE OF CANADIAN PROPOSAL PARTICULARLY IN REGARD TO THEIR OFFER OF FINANCING. FURTHER WHAT IS IRASENCO'S ATTITUDE TOWARD FINANCIAL PACKAGE OFFERED ON BEHALF OF PJ/JACOBS BY FIRST NATIONAL CITY BANK. FINALLY REQUEST EMBASSY CONFIRM WHETHER HIGH RANKING IRANIAN OFFICIAL IS EXPECTED SHORTLY FOR IRASENCO GROUND BREAKING CEREMONIES.

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Margaret P. Grafeld
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